



Market Instruments for climate change mitigation in Chile (P130378)

LATIN AMERICA AND CARIBBEAN | Chile | Energy & Extractives Global Practice | Recipient Executed Activities | Specific Investment Loan | FY 2015 | Seq No: 4 | ARCHIVED on 07-Jun-2017 | ISR27890 |

Implementing Agencies: Ministry of Energy, MEF -AGCI

Key Dates

Key Project Dates

Bank Approval Date:27-Aug-2014

Effectiveness Date:05-Sep-2014

Original Closing Date:04-Sep-2017

Revised Closing Date:04-Sep-2017

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The objectives of the Project are to provide technical assistance to the Beneficiary in the design and implementation of a Monitoring, Reporting and Verification (MRV) framework and registry, and the design and preparation of one or more carbon pricing instruments in the energy sector.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Moderately Satisfactory

Implementation Status and Key Decisions

The Project is under implementation, and likely to meet Project's objectives.





Risks

Overall Risk Rating



Risk Category	Rating at Approval	Previous Rating	Current Rating
Overall	● Low	● Low	● Low

Results

Project Development Objective Indicators

►One or more carbon pricing instruments and associated infrastructure recommended to the Government and concrete activities to develop specific elements proposed (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	Y	Y
Date	04-Sep-2014	07-Nov-2016	26-May-2017	04-Sep-2017

Comments

Among all carbon pricing instruments, Chile has selected a carbon tax. The carbon tax scheme has been implemented and is active since January 2017. The activities under the Project have supported its implementation.

►MRV framework and registry established within the energy sector (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	Y	Y
Date	04-Sep-2014	07-Nov-2016	26-May-2017	04-Sep-2017

Comments

The registry has already been implemented. The MRV framework for the carbon tax has been designed and explained to the different stakeholders that will be using it during implementation. Facilities affected by the carbon tax are currently testing the functioning of the MRV system and registry.

►Knowledge, awareness, and capacity developed in the public and private sector in relation to the design and implementation of carbon pricing instruments. (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
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Value	N	Y	Y	Y
Date	04-Sep-2014	07-Nov-2016	26-May-2017	04-Sep-2017
<p>Comments Various workshops with key stakeholders (including academia, NGOs, private, and public sector) have been held to explain the implementation of the carbon tax and the MRV protocol. These workshops have been done in strong coordination among the Ministry of Environment, the Environment Audit Agency (Superintendencia de Medio Ambiente), the Internal Revenue System (Servicio de Impuestos Internos), and the Ministry of Energy.</p>				

Overall Comments

The following knowledge, awareness and capacity activities have been developed by the Project:

- Various training sessions with key stakeholders (including academia, NGOs, private, and public sector) have been held to explain the implementation of the carbon tax and the MRV protocol. These workshops have been done in strong coordination among the Ministry of Environment, the Environment Audit Agency (Superintendencia de Medio Ambiente), the Internal Revenue System (Servicio de Impuestos Internos), and the Ministry of Energy.
- 3 workshops on green taxes conducted in the cities of Santiago, Antofagasta and Concepcion.
- Two Technical workshops on Component 1 deliverables
- Two videos: one on the Chilean carbon tax and a second one on MRV systems
- Project brochure in Spanish and English
- Project website was successfully launched in December 2016: <http://www.precioalcarbonochile.cl/>

Intermediate Results Indicators

▶Regulatory Analyses for carbon pricing mechanisms in Chile (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	Y	Y
Date	04-Sep-2014	07-Nov-2016	26-May-2017	04-Sep-2017
<p>Comments The following consultancies "Analysis of international developments on carbon pricing and their implications on Chile's related public policies" and "Analysis of the interaction and consistency between the carbon tax and other national energy policies and regulations", completed in January 2017 and to be delivered by July 2017 respectively, provide various recommendations on the regulatory framework to support carbon pricing mechanism.</p>				



► Economic Analysis for carbon pricing mechanisms in Chile (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	N	Y
Date	04-Sep-2014	07-Nov-2016	26-May-2017	04-Sep-2017

Comments

The analysis conducted under the Upstream Policy Analysis of the PMR Secretariat, "Analysis of the potential impacts from the implementation of the carbon tax in Chilean thermal generation plants", incorporated an economic analysis for carbon pricing mechanism in Chile.

► Institutional Analysis for carbon pricing mechanisms in Chile (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	N	Y
Date	04-Sep-2014	07-Nov-2016	26-May-2017	04-Sep-2017

Comments

The consultancy on "Alternatives of design and additional measures to decide on a more comprehensive carbon pricing instrument" is currently being developed and expected to be completed by July 2017. The consultancy "Detailed evaluation of Chile's participation in the CDM, considering the new scenario of commitments under the Paris Agreement" completed in January 2017, also provided useful insights on the institutional aspects of the carbon pricing mechanisms in Chile.

► Design and Implementation of MRV system (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	Y	Y
Date	04-Sep-2014	07-Nov-2016	26-May-2017	04-Sep-2017

Comments

The work among the different government institutions in the development of the MRV system that enabled the implementation of the carbon tax.



►Design and implementation of a bottom up registry (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	Y	Y
Date	04-Sep-2014	07-Nov-2016	26-May-2017	04-Sep-2017

Comments

The work among the different government institutions in the development of a registry system that enabled the implementation of the MRV and therefore the carbon tax.

►Development and execution of a stakeholder and communication strategy (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	Y	Y
Date	04-Sep-2014	07-Nov-2016	26-May-2017	04-Sep-2017

Comments



►Participation of public and private stakeholders in trainings and country visits (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	Y	Y	Y
Date	04-Sep-2014	07-Nov-2016	26-May-2017	04-Sep-2017


Comments

Various trainings have been held with the public and private sectors, as well as academia and NGOs, regarding the actual MRV protocol in place on how the facilities will have to report. Technical training on the IT security and computer procedures will take place in May 2017.

Overall Comments

Data on Financial Performance

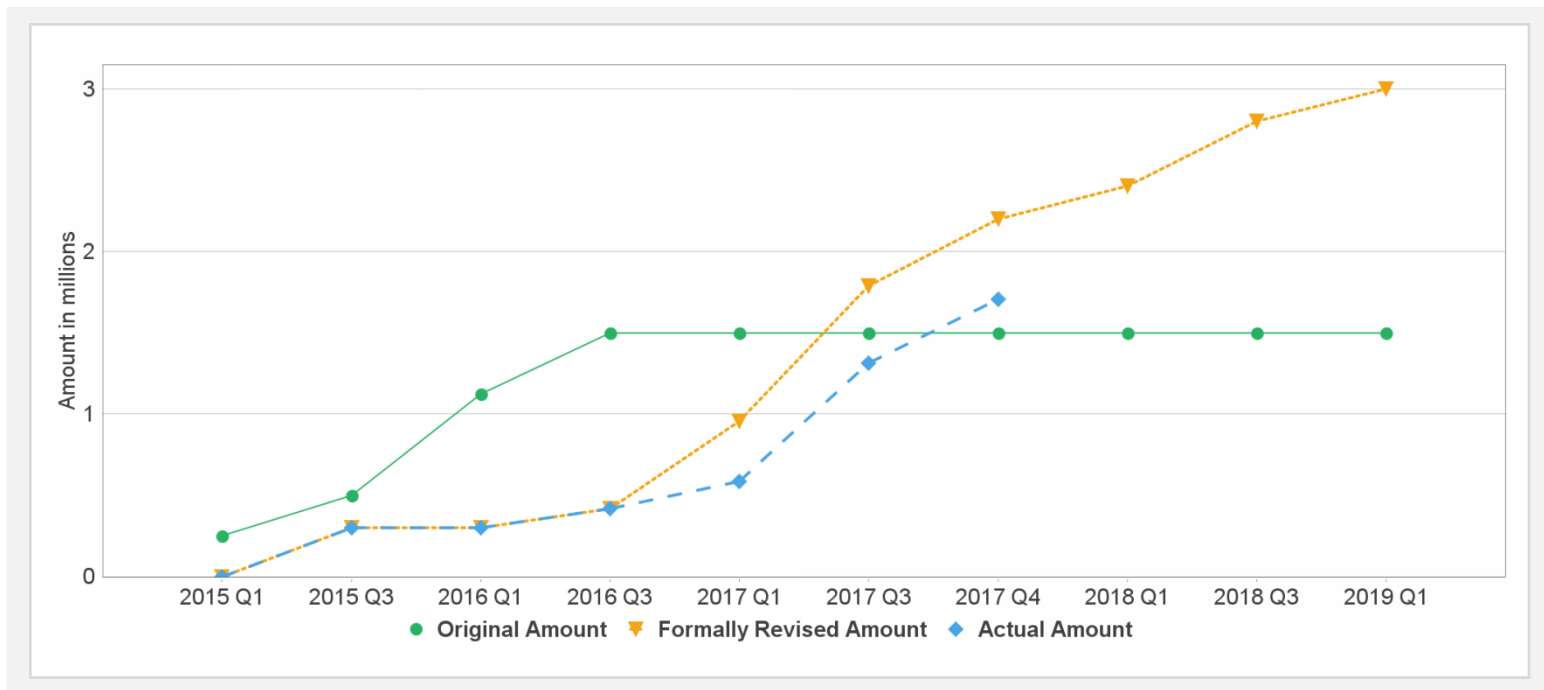
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P130378	TF-17731	Effective	USD	3.00	3.00	0.00	1.70	1.30	 57%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P130378	TF-17731	Effective	27-Aug-2014	05-Sep-2014	05-Sep-2014	04-Sep-2017	04-Sep-2017

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.